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Employer/Retiree Group Health Plan Prescription Coverage: Is it "as good as" Medicare Part D?

With the increased mailings and news releases about Medicare's new Prescription Plan, many employees and retirees alike will be asking themselves the question of "do I enroll into the Medicare Prescription Drug Plan (Part D) or is my current Employer or Retiree Group Health Plan with Prescription coverage good enough?" The decision that you make could impact on future coverage and costs so don't make this decision lightly.

The Medicare Prescription Drug Plan (Part D) will be available to all Medicare beneficiaries on 1/1/06. The initial open enrollment period runs thru May 15, 2006. If enrolled after this date, more may have to be paid for the Part D premium, depending upon if current prescription coverage is considered "at least as good as" the Medicare Prescription Plan. Briefly, the standard Part D plan has a \$250 deductible, the beneficiary then pays 25% of the next \$2,000 worth of covered prescriptions before entering the "gap in coverage" or "donut hole". Here, the beneficiary pays 100% of the cost of the next \$2,850 worth of covered prescriptions before the Plan begins to pay 95% of the cost of the prescribed medications. At this point \$3,600 has been paid out of pocket for \$5,100 worth of prescriptions.

So back to the question at hand, "is my current coverage at least as good as" Medicare Part D? Employers are required to notify individuals for whom they provide health insurance benefits with prescription coverage whether or not their current prescription plan meets the definition of "as good as" or "actuarially equivalent to" the federal Part D plan. If the employer plan meets the definition, then the individual may choose not to enroll in Part D and will not have to pay more premium if they choose to enroll in Part D at a later date. If the employer plan is not "as good as" Part D and the individual delays enrolling into Part D beyond the open enrollment period, they may be paying a higher premium (1% per month they delay enrollment). Understanding the out-of-pocket costs of each option will help in determining which plan is better. For those individuals with limited income and resources, "extra help" may be available in the Part D plan to cover the plan's out of pocket costs which could offer a better value over the employer-sponsored plan. **Remember**, once an employer-sponsored plan is dropped, the individual may not be able to get back into it.

Beneficiaries need to contact their Employee/Retiree Group Health Plan Administrator if notice is not received by mid-November of this year. Some employer plans which may not be "as good as" Part D may elect to "wrap-around" Part D in order to help employees/retirees in paying the out-of-pocket costs for Part D. Some employer sponsored plans may decide to discontinue any prescription coverage at all.

The Medigap Helpline at (800) 242-1060 can continue to answer questions regarding employer sponsored insurance and prescription coverage with relation to Medicare Part D. The Prescription Drug Helpline at (866) 456-8211 can assist with questions on the Medicare Prescription Plan (Part D) and which plan would best suit each individual's needs.

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